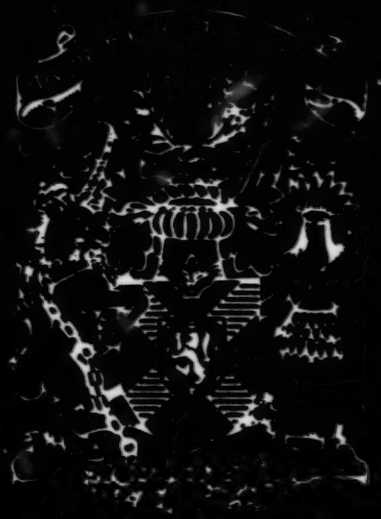
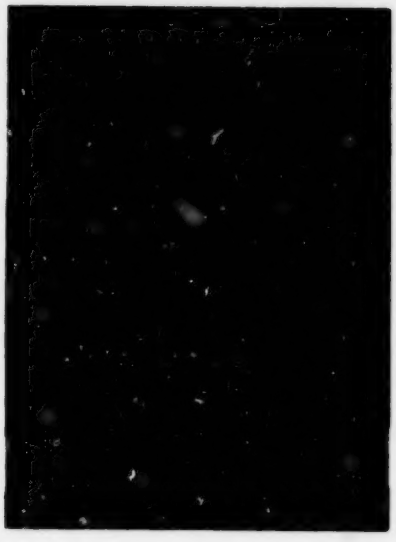
# Province of Nova Scotia
# Financial Statements
# 1984



Nova Scotia

This report presents the Financial Statements of the Province of Nova Scotia for the fiscal year ended March 31, 1984. The complete Public Accounts will be presented to the Legislative Assembly at its next session.

Hon. Greg Kerr,
Minister of Finance



# Province of Nova Scotia Financial Statements 1984

Nova Scotia

Province of Nova Scotia

# Financial Statements

## March 31, 1984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Province of Nova Scotia

# Auditors' Report

Auditors' Report

The Honourable Greg Kerr,
Minister of Finance,
Province of Nova Scotia,
Halifax, Nova Scotia

Sir:

We have examined the statement of financial position of the Province of Nova Scotia as at March 31, 1984 and the statements of consolidated fund transactions and of current revenue and expenditure for the year then ended together with notes to the financial statements and the supporting statements. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Province of Nova Scotia as at March 31, 1984 and the results of its consolidated fund transactions and of its operations for the year then ended in accordance with the accounting policies stated in the notes to the financial statements on a basis consistent with that of the preceding year except as explained in Note 2.

Touche Ross & Co.
Chartered Accountants

Montreal, Quebec,
August 27, 1984.

Province of Nova Scotia

# Statement of Financial Position

as at March 31, 1984

| | | 1984 | 1983 |
|---|---|---|---|
| | | (in thousands) | |
| **ASSETS** | | | |
| **Current Assets:** | | | |
| Cash and short-term investments | | $ 125,689 | $ 20,708 |
| Accounts receivable | | 217,950 | 199,706 |
| Inventories | | 29,408 | 32,203 |
| Advances | | 2,195 | 2,210 |
| | | 375,242 | 254,827 |
| **Capital Assets:** | | | |
| Advances (Note 5) | | 822,487 | 873,361 |
| Investments (Note 5) | | 46,872 | 15,629 |
| | | 869,359 | 888,990 |
| | | $1,244,601 | $1,143,817 |
| **LIABILITIES** | | | |
| **Current Liabilities:** | | | |
| Bank advances | | $ 109,392 | $ 61,820 |
| Accounts payable | | 145,070 | 171,353 |
| Accrued interest | | 137,568 | 117,926 |
| | | 392,030 | 351,099 |
| **Capital Liabilities:** | | | |
| Debentures (Note 6) | | 3,639,510 | 3,156,962 |
| Less: Specific Sinking Funds (Note 6) | $672,119 | | |
| General Sinking Funds | 16,042 | 688,161 | 620,389 |
| | | 2,951,349 | 2,536,573 |
| Government of Canada loans (Note 7) | 49,625 | | |
| Less: Specific Sinking Funds | 3,298 | 46,327 | 49,707 |
| Other indebtedness | | — | 96 |
| | | 2,997,676 | 2,586,376 |
| Deficiency in net assets of Sydney Steel Corporation (Note 4) | | 140,066 | 140,352 |
| | | 3,529,772 | 3,077,827 |
| **NET DIRECT DEBT** | | | |
| Net Direct Debt | | (2,285,171) | (1,934,010) |
| | | $1,244,601 | $1,143,817 |
| Trust Funds under Administration | | $1,066,120 | $ 913,799 |
| Contingent Liabilities (Notes 4 and 8) | | | |

Province of Nova Scotia

# Consolidated Fund Transactions

for the fiscal year ended March 31, 1984

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| **Budgetary Transactions** | | |
| Current Account | | |
| Excess of Current Operating Expenditure over Revenue and Recoveries | $187,377 | $249,023 |
| Sinking Fund Instalments and Serial Retirements | 51,347 | 45,068 |
| Net Revenue Deficit | 238,724 | 294,091 |
| Capital Account | | |
| Net Capital Expenditure | 193,361 | 183,361 |
| Advance under the Appropriations Act | 32 | 69 |
| Net Budgetary Transactions | 432,117 | 477,521 |
| **Non-Budgetary Transactions** | | |
| Capital Expenditure for which no vote is required | 10,307 | 3,041 |
| Net Increase (Decrease) in Advances and Investments | (9,275) | 29,123 |
| Expenditures from Reserve Accounts | 16 | 3,451 |
| Earnings on sinking funds pertaining to borrowings for Nova Scotia Power Corporation credited to their Advances | 1,746 | 1,810 |
| Debt Retirement not chargeable to Current Revenue | 5,895 | 14,341 |
| Non-Budgetary Transactions | 8,689 | 51,766 |
| Total Budgetary and Non-Budgetary Transactions | 440,806 | 529,287 |
| Less: Non-Fund Requiring Transactions | 20,484 | 25,985 |
| | $420,322 | $503,302 |
| **Funds Provided By:** | | |
| Proceeds of Debentures Issued | $498,827 | $509,218 |
| Proceeds of disposal of Capital Assets | 979 | 466 |
| (Decrease) in Net Current Liabilities | (79,484) | (6,382) |
| | $420,322 | $503,302 |

# Current Revenue and Expenditure

## for the fiscal year ended March 31, 1984

| | 1984 | | | 1983 |
|---|---|---|---|---|
| | Estimate | Forecast (in thousands) | Actual | Actual |
| **Revenue and Recoveries** | | | | |
| Provincial Sources | | | | |
| Income Taxes | $ 504,203 | $ 501,213 | $ 500,467 | $ 461,478 |
| Sales Taxes | 484,750 | 499,354 | 499,645 | 432,131 |
| Interest Revenue | 83,594 | 75,281 | 76,060 | 76,187 |
| Liquor Commission | 75,640 | 76,000 | 78,397 | 68,631 |
| Transportation and Registry of Motor Vehicles | 35,510 | 34,383 | 34,114 | 31,780 |
| Other Provincial Revenue | 63,091 | 57,904 | 62,435 | 49,321 |
| Federal Sources | | | | |
| Equalization | 618,000 | 602,630 | 602,630 | 576,000 |
| Established Programs Financing | 274,804 | 287,976 | 287,977 | 247,686 |
| Shared Cost Programs | 149,853 | 139,049 | 130,328 | 127,673 |
| Other Federal Payments | 2,251 | 2,251 | 2,251 | 2,251 |
| Other Recoveries | 46,912 | 46,975 | 49,575 | 45,927 |
| | 2,338,608 | 2,323,016 | 2,323,879 | 2,119,065 |
| **Expenditure** | | | | |
| General Government | 90,807 | 89,046 | 84,859 | 77,808 |
| Public Protection | 67,550 | 69,724 | 67,937 | 60,332 |
| Transportation and Communication | 101,526 | 105,865 | 98,595 | 93,204 |
| Resource Development | 173,848 | 167,033 | 165,375 | 193,396 |
| Health | 698,889 | 701,107 | 689,786 | 622,228 |
| Social Services | 256,333 | 261,135 | 259,362 | 235,930 |
| Education | 702,682 | 712,139 | 706,740 | 660,413 |
| Culture and Recreation | 23,291 | 23,438 | 22,971 | 21,541 |
| Services to the Public Debt (Note 2) | 414,575 | 391,772 | 407,226 | 354,338 |
| Municipal Affairs | 57,620 | 55,903 | 55,995 | 68,565 |
| | 2,587,121 | 2,577,162 | 2,558,846 | 2,387,755 |
| **Excess of Current Operating Expenditure over Revenue and Recoveries before prior years' adjustments** | 248,513 | 254,146 | 234,967 | 268,690 |
| **Prior Years' Adjustments — Federal-Provincial Fiscal Arrangements** | — | 22,078 | 47,590 | 19,667 |
| **Excess of Current Operating Expenditure over Revenue and Recoveries** | 248,513 | 232,068 | 187,377 | 249,023 |
| **Sinking Fund Instalments and Serial Retirements (Note 6)** | 52,401 | 51,944 | 51,347 | 45,068 |
| **Net Revenue Deficit** | $ 300,914 | $ 284,012 | $ 238,724 | $ 294,091 |

Province of Nova Scotia

# Capital Expenditure

## for the fiscal year ended March 31, 1984

| | 1984 | | | 1983 |
|---|---|---|---|---|
| | Estimate | Forecast | Actual | Actual |
| | (in thousands) | | | |
| Capital Expenditure | | | | |
| General Government | $ 4,223 | $ 3,404 | $ 2,803 | $ 2,828 |
| Public Protection | 2,402 | 1,842 | 1,261 | 987 |
| Transportation and Communication | 113,003 | 132,113 | 125,354 | 102,878 |
| Resource Development | 70,691 | 67,108 | 72,442 | 55,519 |
| Health | 22,451 | 19,299 | 18,647 | 28,384 |
| Social Services | 239 | 179 | 102 | — |
| Education | 16,764 | 15,299 | 12,060 | 14,938 |
| Culture and Recreation | 1,552 | 1,780 | 1,674 | 1,711 |
| Municipal Affairs | 22,200 | 20,600 | 19,577 | 15,711 |
| | 253,525 | 261,624 | 253,920 | 222,956 |
| Less: Recoveries | 49,615 | 50,892 | 50,252 | 36,554 |
| Net Capital Expenditure | $203,910 | $210,732 | $203,668 | $186,402 |

Note: Capital expenditures consist of budgetary and non-budgetary transactions which for the year ended March 31, 1984 amounted to $193,361,000 and $10,307,000 respectively (1983 - $183,361,000 and $3,041,000).

Province of Nova Scotia

# Changes in Net Direct Debt

for the fiscal year ended March 31, 1984

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| Net Direct Debt — beginning of year | $1,934,010 | $1,529,550 |
| Add: | | |
| Excess of Current Operating Expenditure over Revenue and Recoveries | 187,377 | 249,023 |
| Less: Non-Fund Requiring Charges — | | |
| Amortization of discounts on debentures | 2,942 | 2,283 |
| Depreciation in respect of Department of Transportation machinery | 3,286 | 3,500 |
| Increase in provision for doubtful advances and investments | 1,298 | — |
| Charge to current expenditure in respect of the translation of debentures payable in foreign currencies (Notes 1 & 2) | 12,958 | 20,202 |
| | 166,893 | 223,038 |
| Net Capital Expenditure | 203,668 | 186,402 |
| Increase in provision for doubtful capital advances and investments | 10,461 | 14,855 |
| Expenditures from Reserve Accounts — | | |
| Funds created from Special Reserve Account | — | 3,435 |
| Health Services Reserve Account | 16 | 16 |
| Increase (Decrease) in deficiency of net assets of Sydney Steel Corporation for the fiscal year (Note 4) | (286) | 39,014 |
| Foreign exchange charges on sinking fund instalments and serial retirements | — | 7,264 |
| Unrealized foreign currency loss (gain) in respect of the translation of foreign debt and sinking funds (Notes 1 & 2) | 31,349 | (14,579) |
| Discounts on debentures issued | 5,908 | 6,038 |
| Total Additions to Net Direct Debt | 418,009 | 465,483 |
| Deduct: | | |
| Income from sinking funds | 65,795 | 60,519 |
| Proceeds of disposal of Crown Assets | 979 | 466 |
| Recovery of capital advances previously written off | 74 | 38 |
| Total Deductions from Net Direct Debt | 66,848 | 61,023 |
| Increase in Net Direct Debt for the year | 351,161 | 404,460 |
| Net Direct Debt — end of year | $2,285,171 | $1,934,010 |

Province of Nova Scotia

# Advances and Investments

as at March 31, 1984

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| **Advances:** | | |
| Housing — | | |
| Housing Development Act (net of Canada Mortgage and Housing Corporation and other borrowings of $80,023,000 in 1984 and $83,398,000 in 1983) | $121,915 | $122,357 |
| Resource and Industrial Development — | | |
| Agriculture and Rural Credit Act | 120,253 | 114,187 |
| Deuterium of Canada Act | 110,927 | 110,927 |
| Fisheries Development Act | 76,160 | 90,988 |
| Industrial Development Act | 71,321 | 78,389 |
| Industrial Estates Limited Act | 97,089 | 123,393 |
| Industrial Loan Act | 32,860 | 34,848 |
| Nova Scotia Power Corporation Act | 47,109 | 50,512 |
| Small Business Development Corporation Act | 12,705 | 11,233 |
| Venture Corporations Act | 3,531 | 2,290 |
| Miscellaneous | 8,214 | 7,073 |
| Other — | | |
| Loans to Municipalities | 45,758 | 49,891 |
| Universities Assistance Act | 74,645 | 77,273 |
| | 822,487 | 873,361 |
| **Investments:** | | |
| Investments transferred to the Province from the Nova Scotia Power Corporation to repay the Corporation's indebtness | 1,262 | 1,147 |
| Other investments in Provincial agencies and other entities | 45,610 | 14,482 |
| | 46,872 | 15,629 |
| | $869,359 | $888,990 |

Province of Nova Scotia

# Additional Advances, Investments and Repayments

for the fiscal year ended March 31, 1984

| Additional Advances and Investments | | | Repayments | |
|---|---|---|---|---|
| 1984 | 1983 | | 1984 | 1983 |
| (in thousands) | | | (in thousands) | |
| | | Housing — | | |
| $33,897 | $ 37,237 | Housing Development Act | $33,525 | $26,866 |
| | | Resource and Industrial Development — | | |
| 16,006 | 13,524 | Agriculture and Rural Credit Act | 9,390 | 9,098 |
| 5,742 | 13,965 | Fisheries Development Act | 13,017 | 12,736 |
| 12,245 | 11,176 | Industrial Development Act | 13,831 | 3,342 |
| 10,869 | 14,601 | Industrial Estates Limited Act | 10,291 | 9,692 |
| 1,500 | 5,094 | Industrial Loan Act | 4,003 | 2,792 |
| — | 97 | Nova Scotia Power Corporation Act | 3,403 | 4,664 |
| 4,024 | 4,476 | Small Business Development Corporation Act | 1,885 | 823 |
| 1,376 | 1,682 | Venture Corporations Act | — | — |
| 1,877 | 671 | Miscellaneous | 657 | 306 |
| | | Other — | | |
| — | 855 | Loans to Municipalities | 4,134 | 3,967 |
| 1,325 | 1,830 | Universities Assistance Act | 3,953 | 1,730 |
| — | — | Health Services Tax Act | 15 | — |
| $88,861 | $105,208 | | $98,104 | $76,016 |

# Notes to the Financial Statements

March 31, 1984

## 1. FINANCIAL REPORTING AND ACCOUNTING POLICIES

### Consolidated Fund

The receipt of public revenues, the disbursement of public funds, the control of expenditures and the keeping and auditing of the accounts of the Province are governed by various provincial statutes. All receipts and disbursements of public money must flow through the Consolidated Fund of the Province. However, the Consolidated Fund does not include special funds such as trust, pension and sinking funds.

Receipts and disbursements consist of current revenue and expenditure, capital expenditure and recoveries, advances and investments, and other transactions such as expenditures charged to reserve accounts and payments for debt retirement.

Any net cash requirement of the Consolidated Fund is provided by the Province's traditional sources of financing, including internal sources and borrowings in financial markets.

### Net Direct Debt

The Province's financial statements are presented so as to highlight net direct debt, a measurement of financial position. Net direct debt consists of the direct liabilities of the Province less its realizable assets. Capital expenditures on assets of a long-term nature such as highways and public buildings are not considered to be realizable assets for purposes of calculating net direct debt.

Transactions affecting net direct debt are summarized in the statement of changes in net direct debt and consist of current operating revenue and expenditure, capital expenditure, changes in the provision for doubtful capital advances and investments, earnings on sinking funds, unrealized foreign currency translation losses and gains relating to debentures payable in U.S. and other foreign currencies, discounts on debentures issued, expenditures charged to reserve accounts, and changes in the deficiency in net assets of Sydney Steel Corporation.

### Budgetary Process

The budgetary estimates as approved by the Legislative Assembly provide the authority for current and capital expenditures and indicate the anticipated revenues and recoveries of the Province for the fiscal year. Authority for current expenditure expires at the end of the fiscal year. Authority for capital expenditure for a fiscal year does not expire until the end of the following fiscal year.

Authority for current and capital expenditures is also provided by special legislation and by order of the Lieutenant Governor in Council under the authority of the Provincial Finance Act.

The budgetary estimates presented annually to the Legislative Assembly also include a forecast for the previous fiscal year indicating revisions of revenue and expenditure projections. These forecast figures are reflected in the statements of current revenue and expenditure and of capital expenditure.

### Accrual Accounting

The accounts of the Province are kept on the accrual basis, revenues being recorded when earned and expenditures being recorded when the liabilities are incurred. However, interest on advances made by the Province is included in revenue only as collected. Payments from the Federal Government under the Federal-Provincial Fiscal Arrangements and Established Programs Financing Act and the Tax Collection Agreement are subject to adjustment in future years.

**Crown Corporations and Agencies**

Profits and losses of corporations and agencies owned or controlled by the Province, with the exception of the Nova Scotia Liquor Commission, are not reflected in the revenues and expenditures of the Province except to the extent of any operating grants made by the Province. Operating grants are normally reflected as current expenditure. Profits of the Nova Scotia Liquor Commission are included in current revenue of the Province. The Province provides for the deficiency in the net assets of Sydney Steel Corporation in the calculation of net direct debt.

**Net Revenue Surplus (Deficit), Special Reserve and Health Services Reserve Accounts**

The annual net revenue surplus (deficit) consists of current revenue and recoveries, excluding sinking fund earnings, less current operating expenditure, and annual sinking fund instalments and serial retirements in respect of capital liabilities.

Pursuant to the Provincial Finance Act, the net revenue surplus in any year may be transferred to special reserve account. The Health Services Tax Act provides that the Minister of Finance may pay out of the Consolidated Fund of the Province such sums as are deemed necessary to establish the health services reserve account. Amounts in these accounts and funds created therefrom may be used for the various purposes defined under the Acts (See Note 3).

**Capital Expenditure**

Expenditures resulting in the construction or acquisition of assets which are expected to have a useful life in excess of five years are charged to capital in the Province's accounts. Capital account appropriations also include certain expenditures on assets of a long-term nature to which title may vest with entities other than the Provincial Government (such as hospitals or municipalities), but which are considered to be for the benefit of the general populace of the Province. Capital expenditures are not considered to be realizable assets for purposes of calculating net direct debt.

**Capital Advances and Investments**

Capital advances and investments, including those to or on behalf of corporations and agencies owned or controlled by the Province, are made under the authority and limitations of various provincial statutes. Losses and provisions for losses on capital advances and investments are charged directly to the Net Direct Debt account.

**Debentures and Sinking Funds**

The Province's debentures payable in U.S. currency (and related sinking funds) and in other foreign currencies and accrued interest on debentures payable in U.S. and other foreign currencies are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements. Foreign exchange rate adjustments arising from sinking fund instalments and serial retirement payments and from the payment of interest are reflected in current expenditure at rates in effect at the date of the transaction.

The Province operates sinking funds for the purpose of retiring capital liabilities. These sinking funds are reflected in the statement of financial position at cost adjusted for the amortization of premiums and discounts on investments. Pursuant to the Provincial Finance Act, sinking fund instalments and serial retirements of capital liabilities are treated as a current expenditure in the calculation of net revenue surplus (deficit).

Earnings on sinking funds are not reflected as current account revenue.

**Foreign Currency Translation — Unrealized Losses and Gains**

Unrealized foreign currency losses and gains relating to the translation of debentures payable in foreign currencies to the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements are amortized, net of unrealized translation gains and losses on related sinking funds, over the terms of the debenture issues by charges or credits to current expenditure.

**Discounts on Debentures**

Discounts on debentures and underwriting commissions are amortized over the terms of the related debenture issues by annual charges to current expenditure. Unamortized discounts at March 31, 1984 amounted to $28,364,000 (1983 - $25,399,000).

## 2. CHANGE IN ACCOUNTING POLICY

At March 31, 1984 debentures payable in foreign currencies and related sinking funds invested in the currency of issue are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements. At March 31, 1983, these assets and liabilities were reflected at rates of exchange in effect at the date of issue. In years prior to March 31, 1983, debentures payable in U.S. currency and related sinking funds were carried in the statement of financial position at the rate of U.S. $1 equals Canadian $1.

The net effect of this change has been to increase net direct debt at March 31, 1984 by $90,027,000 (1983 - $58,678,000) of which $77,069,000 is unamortized (1983 - $58,678,000) and $12,958,000 has been charged to current expenditure for the fiscal year ended March 31, 1984.

Figures for the year ended March 31, 1983 have been restated for comparative purposes.

## 3. SPECIAL RESERVE AND HEALTH SERVICES RESERVE ACCOUNTS

Pursuant to authority granted by the Lieutenant Governor in Council, expenditures may be made from funds created from special reserve account and health services reserve account rather than being reflected in the calculation of the net revenue surplus (deficit) or as capital expenditures. Expenditures from these accounts amounted to $16,000 for the fiscal year ended March 31, 1984 (1983 - $3,451,000).

The unexpended balances of these accounts at March 31, 1984, which form part of the Consolidated Fund, amounted to $8,378,000 (1983 - $8,364,000) of which $4,018,000 (1983 - $4,906,000) had been authorized to be advanced or expended and $4,360,000 (1983 - $3,458,000) represented unappropriated balances of the accounts.

## 4. SYDNEY STEEL CORPORATION (SYSCO)

Sydney Steel Corporation, a Provincial Crown corporation established by an Act of the Legislature, operates a steel mill at Sydney.

To March 31, 1984, the Province had made cumulative operating grants to Sysco totaling $164,355,000 (including operating grants of $9,480,000 for the fiscal year ended March 31, 1984 [1983 - $10,272,000]), converted $52,332,000 of advances to Sysco to equity, made $61,094,000 in equity contributions for debt retirement, and contributed $88,371,000 in respect of capital expenditure programs of which approximately $66,697,000 has been recovered from the Federal Government. Annual operating grants are reflected as current expenditure and equity contributions as capital expenditure in the Province's financial statements.

At March 31, 1984 the Province had given guarantees in respect of Sysco as follows:

| | (in thousands) |
|---|---|
| - Short term loans (of a $298,000,000 guaranteed line of credit) | $261,451 |
| - U.S. $27,625,000 of debentures | 32,697 (1) |
| - Performance bonds and letters of credit (of a $5,000,000 guaranteed line of credit) | 1,460 |
| | $295,608 |

(1) Canadian dollar equivalent at rates of exchange in effect at March 31, 1984 net of sinking funds of $2,556,000.

To March 31, 1984 the Province had reflected $140,066,000 in the calculation of net direct debt in respect of the deficiency in Sysco's net assets. The deficiency represents the amount by which Sysco's liabilities, the majority of which are guaranteed by the Province, exceed the book value of Sysco's assets after deducting accumulated depreciation. During the fiscal year ended March 31, 1984 the Province recorded a net reduction of $286,000 in the calculation of net direct debt in respect of the change in Sysco's net assets during the year, calculated as follows:

| | (in thousands) |
|---|---|
| - Equity contributions by Province to Sysco for debt retirement ($6,775,000) and capital construction ($43,653,000) | $50,428 |
| - Less: Net loss of Sysco for the year after adjusting for transfer of $1,643,000 from appraisal surplus in respect of depreciation charges | 50,142 |
| | $ 286 |

The Province and the Government of Canada entered into an agreement in 1981 to contribute to a Sysco capital construction program estimated to cost $95,390,000. The Federal Government will provide 80% of the costs to a maximum of $77,000,000 with the balance to be provided by the Province. To March 31, 1984, $76,348,000 had been spent or committed on the program.

The ability of Sysco to continue as a viable operation is dependent on the continued financial support of the Province and on an improved level of operating results. It is not possible to determine at present the extent of any losses that may be incurred by the Province on its equity contributions to Sysco and on its guarantees of Sysco's indebtedness.

## 5. DEUTERIUM OF CANADA LIMITED (DEUTERIUM)

On February 9, 1978 an agreement was signed for the sale of the facilities of Deuterium and its subsidiaries to Atomic Energy of Canada Limited (AECL), the Federal Government corporation responsible for Canada's nuclear program. The purchase price is being paid in quarterly instalments over 20 years, which commenced April 1, 1978, amounting to $3,300,000 per year. Title to the facilities will pass upon payment of the final instalment.

The instalments are being paid by AECL to a trustee, which is obligated to invest the funds and the earnings thereon in debentures of the Province yielding 5.5% to maturity. These investments amounted to $23,271,000 at March 31, 1984. At the date of the final payment, January 1, 1998, the fund will total $118,900,000 and will be used to repay the Province's advances to and investment in Deuterium.

At March 31, 1984 advances to and investment in Deuterium amounted to $110,927,000 and $3,025,000, respectively. In June 1984, the Province authorized additional advances to Deuterium to a maximum of $2,900,000 for the settlement of claims and associated expenses with respect to the construction of the plant. Since March 31, 1970 the Province has waived interest on its advances to Deuterium.

## 6. DEBENTURES AND SINKING FUNDS

Debentures payable in U.S. currency (and related sinking funds) and in other foreign currencies are reflected in the statement of financial position at the Canadian dollar equivalent at rates of exchange prevailing at the date of the financial statements.

Debentures outstanding and related sinking funds at March 31, 1984 were as follows:

| | Debentures Outstanding | Specific Sinking Funds (1) | Net |
|---|---|---|---|
| | | (in thousands) | |
| Payable in Canadian currency | | | |
| — Canada Pension Plan Investment Fund | $ 992,529 | $180,249 | $ 812,280 |
| — Other Issues | 946,005 | 154,935 | 791,070 |
| | 1,938,534 | 335,184 | 1,603,350 |
| Payable in U.S. currency (2) | 1,622,145 | 325,546 | 1,296,599 |
| Payable in other foreign currencies | 78,831(3) | 11,389 | 67,442 |
| | $3,639,510 | $672,119 | $2,967,391 |

(1) In addition, at March 31, 1984 the Province had general sinking funds amounting to $16,042,000 and sinking funds totalling $3,298,000 for the retirement of loans from the Government of Canada.

(2) The Canadian dollar equivalent at the rate of exchange prevailing at March 31, 1984 of debentures payable of U.S. $1,271,174,000 and sinking funds of U.S. $255,110,000.

(3) The Canadian dollar equivalent at rates of exchange prevailing at March 31, 1984 of:

| | |
|---|---|
| DM | 30,000,000 |
| FF | 55,000,000 |
| UK £ | 30,000,000 |

Sinking funds consist primarily of Province of Nova Scotia debentures. Sinking funds for debentures payable in U.S. currency are invested in U.S. funds. Where feasible, sinking funds for debentures payable in other currencies are invested in the currency of the issue, with the balance invested in Canadian funds.

Sinking fund instalments and serial retirements and other amounts charged to current revenue during the fiscal year ended March 31, 1984 amounted to $57,242,000 of which $37,223,000 represented required payments for the fiscal year. Sinking fund instalments and serial retirements are reflected in the calculation of net revenue deficit net of amounts totalling $5,895,000 pertaining to borrowings of certain Crown corporations, Government of Canada loans on behalf of municipalities and liabilities in respect of expenditures from reserve accounts.

## 7. GOVERNMENT OF CANADA LOANS

Government of Canada loans of $49,625,000 at March 31, 1984 (1983 - $52,859,000) include funds provided in respect of municipal projects under federally sponsored programs which the Province in turn advanced to municipalities under similar terms and conditions. These advances amounted to $23,700,000 at March 31, 1984 (1983 - $25,351,000). The balance of the loans from the Government of Canada were provided to fund provincially sponsored projects.

## 8. CONTINGENT LIABILITIES

The Province acts as a guarantor of debt issued by Crown corporations, agencies, and various other entities under authorities provided by provincial statutes. At March 31, 1984 outstanding bank loans, bonds, debentures, etc. directly guaranteed by the Province totalled $1,778,927,000 as summarized below.

| | (in thousands) |
|---|---|
| Nova Scotia Power Corporation | $1,127,017 |
| Sydney Steel Corporation | 294,147 |
| Nova Scotia Municipal Finance Corporation | 174,719 |
| Halifax-Dartmouth Bridge Commission | 75,754 |
| Nova Scotia Resources Limited | 55,078 |
| Industrial Development Act | 50,884 |
| Other | 1,328 |
| | $1,778,927 |

The Province is contingently liable, pursuant to an agreement between the Government of Canada and the Province entered into under the Atlantic Provinces Power Development Act, for the repayment by the Nova Scotia Power Corporation of long-term notes payable to the Government of Canada amounting to $48,980,000 at March 31, 1984. The Province has also guaranteed contractual obligations of the Nova Scotia Power Corporation amounting to $26,572,000 at March 31, 1984.

At March 31, 1984, the Province had guaranteed performance bonds and letters of credit totalling $1,460,000 for Sydney Steel Corporation and had issued other performance guarantees totalling $16,001,000 pursuant to the Industrial Development Act.

## 9. COMMITMENTS

The Province was obligated to the extent of approximately $37,410,000 for construction contracts entered into on or before March 31, 1984 and not completed at that date.

## 10. PUBLIC SERVICE SUPERANNUATION PLAN

Employees of the Province and certain of its entities are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The operation of the plan is generally conducted within the Public Service Superannuation Fund to which employee and employer matching contributions and investment income are credited and payments to pensioners and terminating employees are charged. The Public Service Superannuation Fund is invested in federal, provincial, municipal and corporate securities and mortgages eligible for investment under the Provincial Finance Act.

The Public Service Superannuation Fund is not part of the Consolidated Fund of the Province. However, provincial legislation and regulations provide that certain payments to pensioners are charged to the Consolidated Fund of the Province rather than to the Public Service Superannuation Fund. In addition, payments must be made by the Province out of its Consolidated Fund if the Public Service Superannuation Fund is insufficient to provide for pension payments as they become due.

The plan is funded by employee contributions of 7% of salary and equal contributions by the Province. Pensions are paid on the basis of the average salary for the five highest years at the rate of 2% for each year for which contributions were made. Benefits paid are integrated with Canada Pension Plan benefits. Employees and the Province contribute at a reduced rate (5.4%) and receive a reduced pension (1.3%) in respect of earnings eligible for Canada Pension Plan benefits. Pension payments are increased annually (January 1) by the lesser of the increase in the Consumer Price Index or 6%.

The latest actuarial valuation of the Public Service Superannuation Fund was based on information as at June 30, 1981. The report indicates fund liabilities at June 30, 1981, totalled $547,300,000 of which $301,200,000 was represented by the actuarial value of the fund assets and $246,100,000 was unfunded.

This brochure and other Financial Publications may be obtained by writing to:

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